

Message Text

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44

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 ACDA-07 TRSE-00 SAJ-01 EB-07 OMB-01 /092 W

----- 104270

R 241238Z AUG 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7914

INFO AMEMBASSY DACCA

AMEMBASSY MOSCOW

USLO PEKING

USCINCPAC HAWAII

AMEMBASSY ISLAMABAD

C O N F I D E N T I A L NEW DELHI 12427

CINCPAC FOR POLAD

EO 11652: XGDS-1

TAGS: PFOR, IN, UR

SUBJ: INDO-SOVIET RELATIONS: INDIAN CONCERNS

ABOUT THE FUTURE

1. MEA JOINT SECRETARY (EASTERN EUROPE AND USSR)
PURUSHOTTAM OFFERED BOTH UNUSUAL AND FRANK EXPRESSIONS
OF CONCERN ABOUT FUTURE PROSPECTS FOR INDO-SOVIET
RELATIONS IN LOND DINNER CONVERSATION WITH POLCOUNSELOR
AUG 23. NOTING THAT SOVIET NEGOTIATING TEAM WAS
COMING TO DELHI DUR GG WEEK OF AUG 30 TO CONTINUE
DISCUSSIONS ON OUTSTANDING RUPEE/RUBLE EXCHANGE RATE
DIFFERENCES BETWEEN MOSCOW AND NEW DELHI, PURUSHOTTAM
SAID HE HAD NO EXPECTATION THAT SOVIETS WOULD OFFER
ACCEPTABLE PROPOSAL TO THE INDIANS. THE GOI FOR ITS
PART, WHILE ACCEPTING CERTAIN ELEMENTS OF ECONOMIC LOGIC
IN THE SOVIET DEMAND FOR A READJUSTMENT OF THE EXCHANGE
RATE AND HAVING NO SERIOUS DIFFICULTIES WITH REACHING
AGREEMENT FOR FUTURE TRANSACTIONS, WAS TOTALLY UNWILLING
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TO COMPROMISE ON ANY CHANGE IN THE EXCHANGE RATE

WHICH WOULD BE APPLICABLE TO PAST SOVIET LOANS TO THE GOI.

2. PURUSHOTTAM SAID INDIA HOPED THE SOVIETS UNDERSTOOD HOW STRONGY THE GOI FELT ABOUT THIS, FOR THERE WERE "VERY SENIOR PEOPLE" IN THE INDIAN GOVT (A FORMULATION HE REPEATED SEVERAL TIME IN THE CONVERSATION) WHO WERE PERFECTLY PREPARED TO ACCEPT A MAJOR CHANGE IN INDO-SOVIET POLITICAL RELATIONSHIPS IF THE SOVIETS PER-SISTED IN FORCING THEIR POSITION ON THE RUPEE/RUBLE DEBT QUESTION ON INDIA. THESE PEOPLE WERE DEEPLY CONCERNED ABOUT INDIA'S NATIONAL PRIDE AND POLITICAL HONOR AND WOULD PERCEIVE SOVIET PRESSURE ON THIS SUBJECT AS TOTALLY UNACCEPTABLE. IT WAS LESS A MATTER OF LOGIC THAN OF NATIONALISM. THE INDIAN NEGOTIATORS IN THE LAST ROUND OF DISCUSSIONS WITH MOSCOW, BOTH AT THE TECHNICAL LEVEL AND DURING THE PM'S VISIT TO THE SOVIET UNION IN JUNE, HAD TRIED TO INDICATE ALL THIS TO THE SOVITS, WITHOUT APPEARING TO THREATEN THE SOVIETS IN ANY WAY. PURUSHOTTAM SAID HE WAS NOT SURE HOW CLEARLY THIS HAD COME THROUGH TO THE RUSSIANS.

3. PURUSHOTTAM SAID HE OFFERED THIS ANALYSIS EVEN THOUGH HE HIMSELF BELIEVED THAT THE INDO-SOVIET POLITICAL RELATIONSHIP WAS AND HAD BEEN THE SINGLE MOST IMPORTANT RELATIONSHIP WHICH INDIA HAD HAD SINCE INDEPENDENCE. HE THOUGHT, HOWEVER, THAT THE SOVIETS-- AS WITH EGYPT-- DID NOT ALWAYS RESPOND TO SITUATIONS LIKE THE PRESENT ONE WITH INDIA AS ONE MIGHT EXPECT THEM TO. HE SAID HE COULD ENVISAGE A SIGNIFICANT DROP-OFF IN INDIAN ARMS PURCHASES FROM THE USSR, A DIMINUTION OF INDO-SOVIE TRADE, AND CONSIDERABLY COOLER POLITICAL RELATIONS IN THE FUTURE. HE INSISTED THAT WHILE INDIAN MOVES TO IMPROVE RELATIONS WITH PEKING AND ISLAMABAD WERE NOT RELATED DIRECTLY TO THE PROSPECT OF COOLING INDO-SOVIET RELATIONS, THE LATTER DEVELOPMENT COULD INDEED WORK TOWARD THIS END BY PER-FORCE REDUCING INDIAN PROCUREMENT OF SOVIET WEAPONS AND EXPENDITURE ON DEFENSE.

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4. COMMENT: THIS SI NOT THE FIRST TIME PURUSHOTTAM HAS SPOKEN TO US ABOUT HIS CONCERNS OVER THE PROSPECTS FOR INDO-SOVIET RELATIONS (NEW DELHI 7195), BUT HIS VIEWS HAVE BECOME INCREASINGLY DARK IN RECENT MONTHS. HE DESCRIBED THE PM'S VISIT TO MOSCOW AS MERELY AN "EVENT" FROM WHICH NOTHING HAD ACTUALLY EMERGED. IT IS EXTRAORDINARY IN ITSELF THAT HE SHOULD SPEAK IN THIS WAY TO AN AMERICAN. WE ARE LOATHE EITHER TO

ACCEPT HIS DIRE FOREBODINGS AT FACE VALUE OR TO COMPLETELY DISCOUNT THEM. OUR OWN VIEW OF INDO-SOVIET RELATIONS HAS BEEN THAT THEY HAVE BEEN GRADUALLY COOLING FOR SOME TIME (NEW DELHI 8104), BUT THAT BOTH SIDES CONTINUED TO SEE SUFFICIENT BENEFIT IN THE RELATIONSHIP FOR IT TO CONTINUE TO FUNCTION FAIRLY ACTIVELY AND CERTAINLY VISUALLY. PURUSHOTTAM CASTS DOUBT ON THIS LATTER THESIS, CONCEIVABLY FORM THE OVERLY-NARROW VANTAGE POINT OF THE MAN WHO DEALS ON A DAY-TO-DAY BASIS WITH ALL THE PROBLEMS OF THE RELATIONSHIP. WE WILL CONTINUE TO SEARCH AROUND FOR CORROBORATING VIEWS, AND THE VISIT OF STAFFDEL MANTEL MAY PROVIDE PARTICULARLY USEFUL OPPORTUNITIES TO DO SO IN THE NEXT WEEK.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976NEWDE12427
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D760323-0186
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760826/aaaaavnq.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 MAY 2004 by ElyME>; APPROVED <11 MAY 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDO-SOVIET RELATIONS: INDIAN CONCERNS ABOUT THE FUTURE
TAGS: PFOR, IN, UR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006